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SUBJECT: CANADA OUTLAWS LTTE/TAMIL TIGERS

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1B. TORONTO 151
1C. MADER/LAMBERT 3/31/06 EMAIL

Classified By: EconMinCouns B. Mohler for reasons 1.4b,d

¶1. (C) Summary: Canada's Conservative-minority government domestically designated the LTTE/Tamil Tigers under Canada's Criminal Code on April 10, 2006. As a result of this listing, participating in Tiger activities (including fundraising) is a criminal offense and financial institutions must report any financial transactions made by the Tamil Tigers (or listed aliases): the Tigers are estimated to raise millions of dollars annually in Canada, sometimes through extortion. This listing is an example of the Conservative-led government's strengthening of anti-terrorism policies, which the Conservative Party promised as part of its platform during the 2005/2006 federal elections. End summary.

¶2. (C) On April 10, the GOC domestically listed as terrorists under the Canadian Criminal Code the LTTE/Tamil Tigers (other listed aliases can be found in the announcement by the Office of the Superintendent of Financial Institutions (OFSI), www.osfi-bsif.gc.ca) The Tigers are the 39th terrorist group to be outlawed under Canada's Criminal Code and the first since May 2005. The Embassy was informed of the probable listing at the end of March, 2006, and had been invited to a pre-announcement briefing the morning of April 10; however, the news was leaked by the National Post two days earlier. Comment: our Department of Foreign Affairs and International Trade (DFAIT) contact told us that, while he knew that the National Post, a Conservative-linked newspaper, would be breaking the story, he had not expected the news to be printed two days before the government's official announcement and only one day after the decision. This confusion on the part of DFAIT's working-level staff suggests either a disconnect between the government and its chosen media voice or a disconnect between the rank-and-file bureaucrats and their new political bosses in the Conservative minority government. End comment.

¶3. (SBU) The LTTE had previously been listed under Canada's less-stringent United Nations Suppression of Terrorism Regulations (UNSTR). Under both the UNSTR and the Canadian Criminal Code, Canadian financial institutions and foreign branches operating in Canada are required to review their records on a continuing basis for the listed entities and report findings on a monthly basis to OFSI. If, in the course of these reviews, institutions find that they are holding accounts for or contracts with listed organizations, the institutions are required to report this information to the Royal Canadian Mounted Police (RCMP) and the Canadian Security Intelligence Service (CSIS). In addition, institutions that are also reporting entities under Canada's Proceeds of Crime (Money Laundering) and Terrorist Financing Act must also submit Terrorist Property Reports to the

Financial Transactions and Reports Analysis Centre of Canada
(FINTRAC).

¶ 14. (C) Beyond the finance implications of this listing, domestic designation under the Criminal Code of the Tamil Tigers means that it will now be a criminal offense to participate in Tiger activities, and anyone convicted of financially supporting the Tigers could face up to ten years in prison. The GOC did not, however, list the many Canadian front organizations for the Tigers, despite the fact that Canada's anti-terrorism act allows the GOC to designate terrorist groups and their front organizations; in the past, the CSIS has stated that eight front organizations support the Tigers in Canada. Comment: Although it is unclear how the Tigers have been moving their Canadian funds out of the country, significant amounts were reportedly raised by mortgage fraud as well as fund-raising within the Tamil community. These and other funds may have been held in Canadian bank accounts (see reftel B.) The prominent front-page coverage leaking the anticipated designation of the Tigers on Saturday, followed a full two days later by the official requirement for banks to report Tiger transactions and accounts, may have allowed funds to be withdrawn by the Tigers. End comment.

¶ 15. (SBU) Approximately a quarter of the world's Tamil population lives outside of Sri Lanka. Canada is home to the largest Tamil diaspora, estimated at roughly 200,000 (see reftel B), and Tamils are currently Canada's fastest growing ethnic group. The majority of Tamils live in the Toronto area, giving it the largest Tamil urban population of any city in the world including Sri Lanka itself. Experts have estimated that in the 1990s, over 80 percent of the Tamil Tigers' military budget came from overseas sources, and various reports have estimated that the Canadian Tamil

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diaspora was a source of between \$1-10 million annually. A recent report from Human Rights Watch (www.hrw.org) highlighted the role of Canadian Tamils in funding "The Final War". In this report, Human Rights Watch focused on signs it had found of extensive extortion by the Tigers within the Canadian Tamil community, listing examples of Tamil Canadians who were threatened both in Canada and on visits to Sri Lanka.

¶ 16. (C) The Human Rights Watch report received extensive press coverage in Canada and may have spurred the Conservative minority government to push through a designation that the Conservatives had demanded for many years while in Opposition. However, our DFAIT contacts claim that the designation has been in the works since the Fall of 2005, before the Liberal government fell. If, in fact, the Liberals began the process to list the Tigers, the Conservatives are not sharing the credit now. While the Liberals were in power, they refused calls to list the Tigers, claiming that they did not want to interfere with Sri Lanka's peace process. A former Canadian ambassador to Sri Lanka, Martin Collacott, told the National Post that this refusal to list the Tigers actually hindered peace efforts. Collacott is quoted as saying, "The Tigers and their supporters in Canada and particularly Toronto had become adept at delivering votes from the Tamil community to Liberal candidates at election time, and as long as this support continued, the Liberals were prepared to let the Tigers have virtual free rein to carry out their activities (in Canada)."

¶ 17. (C) During the federal election campaign before the January 2006 election, the Conservatives pledged to add the Tigers to Canada's official list of terrorist groups. The Conservatives are casting this as part of a strengthening of Canadian counterterrorism policies underway since they took office; last week, the Conservative-led government also severed ties with the Palestinian Authority over the refusal

of Hamas to moderate its stance toward Israel and forswear terrorism. As reported in reftel A, Canada deported a leading Tamil gang leader (Jeyaseelam Thuraisingam) the day the Conservative Party won the federal election, although on criminal, not terrorist, grounds. The addition of the Tigers to the Criminal Code is expected to assist in prosecution and deportation of Tamil gangsters, as well as combat Tamil fundraising in Canada.

¶8. (C) Comment: The decision to list the Tigers under the Criminal Code comes as no surprise from a Conservative government that has been urging such a move for years. The Conservatives are not beholden to urban ridings with a large Sri Lankan population, which they did not win in any event and probably have no hope of winning in the future: they therefore have greater freedom of action than the Liberals did. The designation of the Tigers clears up a basic incongruity in Canada, where the Tigers were listed under one set of rules but not another, and brings Canada into alignment with its close allies who have listed the Tigers. It is also another indication of the current government's desire to act decisively, both to distinguish itself from the previous government and to show leadership and resolve, with or without international cover. End comment.

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